



Claire McCaskill

Missouri State Auditor

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June 2005

# ECONOMIC DEVELOPMENT

## Division of Tourism



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

June 2005

**The following problems were discovered as a result of an audit conducted by our office of the Department of Economic Development, Division of Tourism.**

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During the years ending June 30, 2004, 2003, and 2002, numerous promotional type items featuring the Missouri Tourism or Film Commission logo, with a total cost of approximately \$18,000, \$33,000 and \$44,000, respectively, were purchased and given to the general public, legislators, tour operators, and the media. We question the purchase of these items as being trivial in value and with no measurable outcome.

The division spent significant amounts on promotional functions and could not provide measurable outcomes, including:

- A Missouri Nights Launch Party, with a total cost of approximately \$26,000, for the media, city leaders, legislators, and other individuals who could influence the public to vacation in Missouri.
- A Missouri Gala, black-tie dinner and dance, in Canada to promote Missouri as a travel destination. The Missouri Gala cost approximately \$21,000 and \$23,000 for the years ending June 30, 2004 and 2003, respectively.
- During 2002, in London, England, the division purchased concert tickets and provided a 3-course dinner, prior to the concert for 54 individuals at a total cost of approximately \$11,500.
- The division paid \$60,000 for the planning, scheduling, contract negotiations, artist bookings, and logistics for a Soul in the Night Concert held in St. Louis to promote Missouri as a premier Midwest entertainment destination. Also, the division paid approximately \$2,500 for rental of lighting equipment, \$200 for extra security, and approximately \$240 for the rental of coat racks and hangers.

Several expenditures for sales mission dinners and marketing events held in the United Kingdom appear excessive based on documentation provided, including:

- In fiscal years 2004 and 2003, the division held a World Travel Market Dinner/Reception for 40 people at an average cost per person of approximately \$130.

(over)

- In fiscal year 2004, the division purchased 20 tickets to the Visit USA Ball, which were

YELLOW SHEET

given to individuals in the media and division personnel, at an average cost per person of approximately \$185.

- In fiscal year 2004, the division provided a dessert reception prior to attending the Visit USA Ball for 17 people at an average cost per person of approximately \$41.
- In fiscal year 2004, the division held an Ireland Sales Mission dinner for 19 people at an average cost per person of approximately \$74.
- In fiscal year 2003, the division held a Sales Mission Luncheon for 18 people at an average cost per person of approximately \$116.

Our audit also noted that supporting documentation and invoices were not always sufficiently reviewed before payment of the invoice. Also, the division approved payment of numerous invoices without adequate supporting documentation and other payments were processed without a properly approved purchase order. Additionally, receipt of goods or services is not always indicated on invoices prior to payment, and the division did not consistently code similar expenditures to the same object code in its accounting system.

Baseline data was not required by the division from the various organizations who were awarded funds through the Cooperative Marketing Program. The division does not use the performance measures reported by the organizations to determine what future projects to fund for the program. The number of inquiries reported by the various organizations is used by the division to determine a cost per inquiry based on the state and local funds spent on the marketing project. For the period July 2003 through September 2003, the cost per inquiry ranged from \$.68 to \$1,690.

The division did not record approximately \$45,700 for the cost of the new storage space addition at the Joplin Welcome Center on the capital asset records in a timely manner.

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DEPARTMENT OF ECONOMIC DEVELOPMENT  
DIVISION OF TOURISM

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## STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Matt Blunt, Governor  
and  
Gregory A. Steinhoff, Director  
Department of Economic Development  
and  
Members of the Tourism Commission  
and  
John Robinson, Director  
Division of Tourism  
Jefferson City, MO 65102

We have audited the Department of Economic Development, Division of Tourism. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2004, 2003, and 2002. The objectives of this audit were to:

1. Review internal controls over significant management and financial functions.
2. Evaluate the efficiency and effectiveness of certain management practices, policies, and operations.
3. Review certain expenditures made by the division.
4. Determine the extent to which audit recommendations included in our prior report were implemented.

Our methodology to accomplish these objectives included reviewing minutes of meetings, written policies, financial records, and other pertinent documents; interviewing various personnel of the division, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the division's management and was not subjected to the procedures applied in the audit of the division.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Economic Development, Division of Tourism.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

September 9, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	John Blattell, CPA
In-Charge Auditor:	Terrie Laswell, CPA
Audit Staff:	Mary Johnson

MANAGEMENT ADVISORY REPORT –  
STATE AUDITOR'S FINDINGS

DEPARTMENT OF ECONOMIC DEVELOPMENT  
DIVISION OF TOURISM  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

**1.**

**Expenditures**

Some division purchases appear to be unnecessary, while others appear to be an inefficient use of state resources. In addition, several expenditures for promotional functions and events have no documentation to measure their results. Also, supporting documentation was not sufficiently reviewed prior to payment, supporting documentation was not maintained, purchase orders were not properly approved, receipt of goods or services was not indicated, and expenditures were not properly coded in the accounting system.

A. Some of the division's purchases do not appear to be necessary or an efficient use of state resources. In addition, the division does not document the results of promotional functions and events. We noted the following concerns:

1. The division purchased numerous promotional items and incurred additional cost to store the promotional items that do not appear to be directly related to a business need. Some examples noted were:

- During the years ending June 30, 2004, 2003, and 2002, numerous promotional type items, with a total cost of approximately \$18,000, \$33,000 and \$44,000, respectively, were purchased and given to the general public, legislators, tour operators, and the media. These items included t-shirts, aprons, lapel pins, collar shirts, hats, bumper stickers, press notepads, bandanas, and tote bags. The items featured the Missouri Tourism or Film Commission logo. Division personnel believe such items are necessary in promoting and attracting visitors and films to Missouri.

We question the purchase of these items as being trivial in value and with no measurable outcome.

- During the years ending June 30, 2004, 2003, and 2002, the division rented a 200 square foot storage unit at a cost of \$70 per month to store the division's promotional items. During our visit to the storage unit in April 2004, we noted that the unit was approximately half full. Items in the storage unit included t-shirts, jackets, cowboy hats, cooler bags, hand towels, canvas bags, backpacks, and table decorations used for division conferences and events. Division personnel believed the storage unit is needed due to lack of space within the division's office and having a storage area with limited access reduces the possibility of

theft. These items could easily be placed in a closet area at the division's office and thereby eliminating this unnecessary monthly rental cost.

2. The division spent significant amounts on promotional functions and could not provide measurable outcomes. Some examples noted included:
  - For the year ending June 30, 2003, the division held a Missouri Nights Launch Party for the media, city leaders, legislators, and other individuals who could influence the public to vacation in Missouri. The party was held to launch the Missouri Nights advertising campaign by showing those present what Missouri has to offer as a vacation travel destination. The total cost of the party was approximately \$26,000. Included in the cost of the party was dinner, entertainment, a fashion show, decorations, equipment rentals, invitations, gift bags, Missouri Nights logo carpet, live videos, and other miscellaneous items. Considering the attendees at this event, it is unclear how this increased tourism in Missouri.
  - Each year, the division holds a Missouri Gala, black-tie dinner and dance, in Canada during the Missouri Days in Canada event. The Missouri Gala is held for the Canadian travel industry and is used by the division to promote Missouri as a travel destination and to make a lasting impression on those in attendance. The cost of the Missouri Gala was approximately \$21,000 and \$23,000 for the years ending June 30, 2004 and 2003, respectively. Cost included dinner, entertainment, invitations, flowers, postage, and a planning assistant. For years ending June 30, 2004 and 2003, the division invited 100 and 130 individuals, respectively, which is an average cost of approximately \$190 per person. In addition to the per person costs being excessive, the division could not provide any statistical data indicating visitors to Missouri increased because of this event in Canada.
  - During 2002, the division purchased concert tickets and provided a 3-course dinner, prior to the concert, for 54 individuals at a total cost of approximately \$11,500, which is approximately \$213 per person. The event was held in London, England and was used by the division as a public relations event to show what Missouri has to offer in the form of entertainment. The guest list included media personnel and their spouses, tour operators and their spouses, travel partners in the United Kingdom (UK), staff from the UK agency office, and division personnel. The division could not provide any statistical data indicating visitors to Missouri increased because UK media, tour operators, travel partners, and spouses were provided dinner and concert tickets.

- Each year, the division assists in sponsoring the Cellet Tour Operator Golf Day held in London, England for tour operators. The event includes a round of golf, dinner, and trophies. The division's portion of the cost is approximately \$2,000 each year. Division personnel believe the event is necessary to promote Missouri as a travel destination and this event provides an opportunity to talk with the tour operators' one on one. As noted above, there is no measurable outcome that resulted from this expenditure.
  - In 2004, the division held a Canada Group Leader Luncheon/Conference for individuals in the Canadian travel industry. The luncheon included a comedian/speaker at a cost of \$5,000. Division personnel believed the comedian/speaker was necessary to leave a lasting impression on those in attendance to brand Missouri as a travel destination. The division had no information to indicate that these travel agents booked any trips to Missouri.
3. The division paid a vendor for concert management fees related to a Soul in the Night Concert that was held in St. Louis. The division paid \$60,000 for the planning, scheduling, contract negotiations, event planning, artist bookings, and logistics for the concert. Also, the division paid approximately \$2,500 for rental of lighting equipment, \$200 for extra security, and approximately \$240 for the rental of coat racks and hangers. The division stated that the 2004 concert was a free outdoor event that was used to promote Missouri as a premier Midwest entertainment destination in conjunction with the Gateway Classic weekend. Division personnel believed that by providing a free concert the night before the Gateway Classic Football Game, visitors would come to St. Louis a day earlier which would boost Missouri's economy. No measures are in place to gauge the effectiveness of such events.

In each of the instances noted above the division could not provide any data to demonstrate that the events increased the number of visitors to Missouri or that Missouri residents did not travel to other states. Without measurable outcomes to justify the above expenses, these events are merely expensive state-funded parties. The division needs to reevaluate future expenditures in an effort to eliminate unnecessary costs, ensure the efficient use of resources, and ensure that all purchases serve a public, promotional purpose.

- B. Several expenditures for sales mission dinners and marketing events held in the United Kingdom appear excessive based on documentation provided. We noted the following examples of excessive purchases:

- In fiscal years 2004 and 2003, the division held a World Travel Market Dinner/Reception for 40 people at a cost of approximately \$6,000 and \$4,700, respectively, resulting in an average cost per person of approximately \$130.

- In fiscal year 2004, the division purchased 20 tickets to the Visit USA Ball. The tickets were given to individuals in the media and division personnel. The total cost of the tickets was approximately \$3,700, a per person cost of \$185.
- In fiscal year 2004, the division provided a dessert reception prior to attending the Visit USA Ball for 17 people at a cost of approximately \$700, a per person cost of approximately \$41.
- In fiscal year 2004, the division held an Ireland Sales Mission dinner for 19 people at a cost of approximately \$1,400, a per person cost of approximately \$74.
- In fiscal year 2003, the division held a Sales Mission Luncheon for 18 people at a cost of approximately \$2,100, a per person cost of approximately \$116.

To ensure public funds are spent wisely, meal and event expenses should be necessary, reasonable, and adequately documented. In addition, without measurable outcomes to justify these costs, the above expenses appear to be excessive and unnecessary.

- C. The supporting documentation and invoices were not always sufficiently reviewed before payment of the invoice. For example, we noted one instance in which mileage was reimbursed at 40 cent per mile, while the state-approved reimbursement rate at that time was 33.5 cents per mile. We also noted that two individuals traveled overseas to the World Travel Market and incurred lodging and meal expenses. The division reimbursed the individuals using two different exchange rates. To ensure the proper expenditure of state funds, a thorough review of invoices prior to payment is necessary.
- D. The division approved payment of numerous invoices without adequate supporting documentation. For example, several conference and reception meal expenditures reviewed did not include a listing of attendees. There was one instance a listing of attendees was provided; however, the number of individuals listed did not agree to the meals provided. Also, several invoices for the purchase of give-away prizes were reviewed. These invoices did not include a listing of the winners of these prizes. Adequate documentation is necessary to ensure the propriety of these expenditures.
- E. Numerous payments were processed without a properly approved purchase order. The division prepares purchase orders for expenditures; however, the purchase orders were not approved by the deputy director or the program manager until the expenditure had been made. Failure to document purchase approval prior to initiating purchases of goods or services limits the division's ability to monitor, control, and track expenditures.

- F. Receipt of goods or services is not always indicated on invoices prior to payment. To ensure goods or services have been properly received by the division, all invoices and other supporting documentation should be properly initialed or signed by a division employee upon receipt.
- G. The division did not consistently code similar expenditures to the same object code in its accounting system, and it appeared that some expenditures should have been charged to a more appropriate object code. For example, we noted three instances in which the purchase of Welcome Center uniforms were charged to a code used for the purchase of promotional supplies. The more appropriate object code would have been the one used for uniforms and clothing.

**WE RECOMMEND** the division:

- A. Ensure that expenditures are prudent, necessary and serve a public purpose. In addition, the division should establish procedures that document and measure the results of expenditures for promotional functions and events.
- B. Reevaluate the current meal and event policy, and look for ways to reduce these expenses.
- C. Ensure supporting documentation is sufficiently reviewed for propriety before payment.
- D. Require adequate documentation for all expenditures. In addition, when meals are provided, supporting documentation should include a list of all individuals who received meals.
- E. Ensure approval is documented prior to purchases of goods or services.
- F. Require documentation of receipt of goods or services on all invoices prior to payment.
- G. Ensure expenditures are charged to appropriate object codes.

**AUDITEE'S RESPONSE**

- A. *As noted by the auditor's staff, the Missouri Division of Tourism has reduced promotional expenditures from \$44,000 to \$18,000 in the past three years. Those purchases that continue are constantly reviewed for effectiveness and appropriateness.*
  - 1. *Concerning promotional items, the award-winning Missouri Division of Tourism is a promotional agency. We employ traditional, proven marketing techniques to promote the state to potential travel decision makers, and especially to those travel companies that have the potential to package tours to Missouri. Below are the division responses to some specific items the auditor questioned as necessary:*

*T-shirts: The division did not last year and will not produce T-shirts for any in-state organization meeting.*

*Aprons for Savor the Flavor: These were presented specifically to legislators so that industry leaders could easily identify legislators for specific presentations.*

*Lapel pins: Due to budget constraints, the division has not produced lapel pins since 2003 and the practice has been discontinued.*

*Collar shirts: The division has not produced collar shirts, except for distribution to working staff and commissioners. The division will only produce collar shirts as they are needed for uniforms.*

*Hats: As evidenced in modern American culture, logo apparel is a much-used, and effective, way of creating a positive image, and keeping an entity's brand image name in front of the public indefinitely. And using marketing savvy, we can even get more mileage out of such logo items. For example, the division positioned the Missouri caps in the photo on the front cover of Bank Travel Magazine. The Missouri Division of Tourism will carefully evaluate each proposed instance of usage of apparel logos for promotional effectiveness of the Missouri brand.*

*Bumper stickers: While bumper stickers can provide brand name recognition (political bumper stickers are a prime example), the Division of Tourism has used such promotional branding sparingly, and not since 2002. The bumper stickers are used for our travelers when they visit our Welcome Centers – that is the only place they are available. Our marketing theory: What better advertising than to see a non-Missouri car, van or RV going down the road in another state showing off the fact they had visited Missouri? The travelers must specifically ask for a bumper sticker, and they're not placed on any vehicle without permission. It's a very inexpensive way to promote our state. The Missouri Division of Tourism will carefully evaluate each proposed instance of bumper stickers for promotional effectiveness.*

*Press notepads: The Missouri Division of Tourism relies on many partners to promote the Missouri experience. The media, which provide stories in print and broadcast to potential visitors, both outside and inside Missouri, are key to this promotional effort. Responding quickly and effectively to the tragic events of 9/11, the Missouri Division of Tourism and the Missouri Tourism Commission designed an effective program to encourage people to continue to travel in Missouri after the tragedy. The results of the successful Rediscover Your Missouri campaign kept Missouri's tourism industry from suffering a recession. Through a very difficult period, tourism in the state held steady while other states' tourism waned. A big part of that included the division's solid relationship with the media, particularly the Missouri Press Association and the Missouri*

*Broadcasters Association. To continue to remind these entities of the importance of tourism as a revenue producer for Missouri, we produced reporters' notebooks, and encouraged reporters and editors to write about Missouri tourism.*

*Bandanas: The bandanas were produced as promotional materials for the "Missouri's Drive into Fall" campaign, featuring Missouri's own Harley Davidson.*

*On the rare occasion when the division produced tote bags, they were distributed primarily to working travel media and tour operators, who use them to carry literature they collect about Missouri destinations.*

*Concerning the rental of a 200-square-foot storage unit, the division agrees with the auditor, and the storage room was relinquished as of October 31, 2004. At that point, the division consolidated all storage into the DED warehouse and on site at the Division of Tourism.*

2. *As mentioned in the opening paragraph, per the auditor's mention of unnecessary or excessive costs, the division can do a better job of showing the value of such investment, in terms of measurable outcomes. Those outcomes exist, even though subcontractors and/or staff were slow in providing such outcomes to the auditor's staff.*

*The Missouri Nights Launch Party was a media event for Missouri in St. Louis, to help elevate Missouri as a premier destination to African American travelers. The Missouri Division of Tourism's professional marketing team has determined that the African American market is a viable market for visiting Missouri, yet many African Americans do not perceive Missouri as a prime travel destination. Missouri's new marketing effort is changing that, as evidenced by the numbers. For its \$26,000 cost, the event received national media coverage, including excellent free coverage in Ebony Magazine, valued at \$52,000, and Jet Magazine, valued at \$75,000. Total media coverage, including television and print materials generated by Harrah's, amounts to \$198,500 in paid media equivalent. The division will continue to monitor the effectiveness of such events, and ensure the measurable outcome of success is readily available.*

*Concerning the Missouri Gala Black Tie event, the division's subcontractor reports that subsequent to that event, guests combined to send at least \$725,167 worth of business to Missouri. Other guests generated an advertising equivalency of at least \$53,753 in public relations. Such events, despite the per meal cost, often are much more cost-efficient than arranging personal visits with each individual decision maker, after considering travel logistics, and time/meal considerations. Missouri will continue to look at ways to mitigate costs for such events, and ensure that information about these successful results is readily available.*

*When discussing the Division of Tourism's efforts to stimulate international tourism to Missouri, it is important to keep in mind several key marketing points:*

- 1) Currently, it takes nearly two U.S. dollars to equal one British pound. The Euro also is strong. Consequently, a meal in London is nearly twice as expensive as a meal in St. Louis.*
- 2) It often is more cost-effective to take the opportunity to visit one-on-one with key travel writers and tour planners in one setting, rather than scheduling individual visits, for the obvious reason of travel, lodging and time costs. As marketing professionals, we must ask the question: How many days would it take to reach and effectively communicate in person with 54 people when they're not in one sitting?*
- 3) Missouri must compete with every other world destination for the British and Canadian travel business (our primary international foci). We must be more aggressive than many first-tier destinations, such as Orlando, New York, Washington DC, and Las Vegas.*

*While it may appear that the cost of the concert tickets was excessive, the division's subcontractors report that after the \$11,500 event, attendees accounted for \$44,179 in tours to Missouri, \$414,100 in public relations advertising equivalency, and \$8,500 in compensatory tickets for familiarization tours in Missouri for tour companies and travel writers. The division agrees that is sound policy to report the return on investment of such efforts, and to make sure measurable outcomes of success are available.*

*Personal relationship building is a necessary key to success in encouraging British travel companies to trust sending their vacationers to Missouri. After the Cellet tour operator golf day, the division's subcontractors report that participants combined to provide an estimated economic impact of \$1,131,578, plus another \$7,500 in complimentary airline tickets for familiarization tours to Missouri by British travel decision makers. The division agrees that it is good policy to report the return on investment of Cellet tour operator golf day, and ensure that measurable outcomes of success are available.*

*Concerning the professional speaker at the Canada Group Leader Conference Luncheon: After 2001, Canada launched a very effective "holiday in your own backyard" campaign. Branson, while seeing modestly declining numbers after September 11<sup>th</sup>, still remains the primary Missouri area Canadians know. Consequently, there can be a "been there, done that" feeling among group leaders. To combat this, it is important to educate group leaders about new things in Branson, and the other areas of the state. While videos, print advertisements and collateral materials can be effective, our approach to capture attendees' attention by educating with humor was successful in promoting Missouri's other treasures without customers feeling that they are sitting through*

*a sales presentation. Group leaders are invited to numerous events. The attraction of something different and appealing is vital to ensure (indeed, increase) their attendance. The presentation focused on educating group leaders, in a humorous fashion, about ways to overcome the ongoing challenges of group travel. In addition, it was vital to have a speaker professional enough to have researched and understood the nuances between Canadians and Americans and the special circumstances that can arise out of cross-border travel. This demonstrated Missouri's interest, concern and understanding of the Canadian group leader market. Because Canada is Missouri's number one international market and because the senior market is the greatest component of that market, our speaker continued to reinforce how travel can continue to bring a positive and enlightening influence to their lives. In the wake of the Iraqi conflict, there was some anti-Canadian sentiment in the U.S. Sadly, these incidents made national Canadian news and there was concern that this feeling permeated all of America. It is paramount to reinforce the message - in a non-threatening, humorous but professional manner - that Missouri welcomes and indeed relies upon our Canadian visitors. As someone without an apparent career in tourism, our speaker was able to take a "third party approach" to let our clients know that the average Missourian relies on tourism and the Canadian guest is not only welcomed but also our most important international customer. The division agrees that the division should report the return on investment of such events, and ensure measurable outcomes of success are available.*

3. *The Missouri Division of Tourism's professional marketing team has determined that the African American market is a viable market for visiting Missouri, yet Missouri is not perceived by many African Americans as a top-of-mind travel destination. Missouri's new marketing effort is changing that, as evidenced by the numbers. The Soul In the Night concert was the kickoff momentum builder for the new effort to attract the African American market to Missouri. According to the division's subcontractor, the St. Louis Convention and Visitors Center reported an extra 900 room-nights from the division's \$62,940 investment. From the 2003 return on investment measurement study from Strategic Marketing and Research, Inc., we know that the average African American per trip expenditures are \$602 for the average 2.2 day stay length. That equals \$274 per day in additional spending. This translates to almost a quarter million dollars (\$246,276) in return spending or a return on investment of \$4 in direct tourism expenditures for every dollar the division invested in this event. The division agrees with the auditor's office that such return on investment must be readily accessible by the division and the auditor.*

- B. *Sales mission dinners and events: As mentioned in the entries directly above, the following gives a better understanding of the media coverage benefit, and tour enhancement benefit, of the Missouri Division of Tourism's personal contact with British and Canadian travel writers and tour operators.*

*Because it takes nearly two U.S. dollars to equal one British Pound, the cost of doing business in Britain is nearly twice as expensive as the cost of doing business in the U.S. However, the converse is also true, the cost for the British to visit Missouri is a half-price sale! World Travel Mart is Great Britain's major travel showcase, with virtually every major British travel planner - and every major British travel writer - in attendance. It is a sterling opportunity to showcase the value of coming to Missouri - the real America - especially after Britons have visited the first-tier destinations (Disney World, New York, Washington DC). Missouri uses this opportunity to showcase our history (Walt Disney, Harry Truman, Mark Twain, Jesse James, Laura Ingalls Wilder), and our diversity (jazz, blues and fly fishing, which the British love, and find extremely affordable in Missouri). The division must work extra hard to compete with virtually every other major destination in the world, many (continental Europe) much closer to Great Britain. We do this by hosting an event for the preeminent travel writers in Great Britain. During World Travel Mart, tour operators are inundated with invitations to special events. Capturing the client's attendance means standing out in the crowd, offering something different. In addition, finding a location that complements one's destination is important. Bo Dean's Kansas City Style Barbecue positively reflects Missouri's BBQ heritage and offered guests that incentive to attend. The return on our investment in the 2003 and 2004 World Travel Mart events was solid, as evidenced by the following:*

- *Senior representatives from two airlines provided a total of ten complimentary airline tickets from the UK to Missouri to be used by UK tour operators and or travel writers with a value of \$11,228.*
- *UK travel magazines and freelance writers wrote articles about Missouri valued at \$166,565.*
- *Representatives from UK major travel agencies/tour operators provided the following:*
  1. *A major tour operator has booked tours to Missouri with an estimated economic impact of \$151,894 during 2004.*
  2. *Missouri and Missouri hotels were featured in other specialty Missouri tours which included; 7 nights "Expanding Frontiers", 7 nights "Legacies & Legends", 9 nights "Wheels & Waves", and series of "Route 66" tours with 3 nights in Missouri. These tours sent a total of 234 passengers to Missouri in 2004.*

*The division agrees with the auditor's office that we will show the return on investment of the World Travel Mart dinner.*

*Regarding the Visit USA Ball and the dessert reception: The Visit USA Ball is sponsored by the Travel Industry Association of America (TIA) as an official function to work with the very top travel decision makers in the U.K. It is an efficient way to visit one-on-one with Britain's most respected travel writers and tour companies in one place, saving considerable travel expense and time in visiting these entities separately. The dessert reception allowed Missouri more time with individual British travel opinion leaders, to*

*tell Missouri's many stories. The division's subcontractors report that attendees at the Visit USA Ball/dessert reception accounted for at least \$306,146 in economic impact to Missouri, with an additional \$244,750 in public relations advertising equivalency on Missouri destinations. The division agrees with the auditor's office that it is prudent to display the return on investment of the Visit USA Ball.*

*Concerning the two findings in regard to the division's Ireland Sales Mission effort. The Irish travel market to America is one of the fastest growing in all of Europe. And yet, worldwide competition is keen for the Irish traveler. How do we compete? One-on-one, with Irish travel industry leaders, in a group setting, to help economize. Missouri uses the Ireland Sales Mission to talk directly to the very top travel writers and decision makers on group travel to America. Even though the division had been dormant in inviting Irish visitors to Missouri, the division's recent revitalized efforts have shown positive results. For example, the Visit USA Ireland newsletter for Summer 2003 featured a Missouri editorial. Circulation is 5,000 among travel trade decision makers. Estimated PR value for the newsletter is \$7,617. Additionally, the division's subcontractors report that now there is a brand new tour offering to Missouri from Tour America, a guest at two Missouri events in Dublin. Third, American Holidays were our guests at both the 2003 and 2004 Dublin dinner/reception. This company has reported 40 passengers to Missouri annually, though they suspect there were additional passengers, not reflected in those numbers, who traveled to Missouri from Chicago. Because we do not have Missouri specific UK per night spending, we employ the lower Canadian 2003 per-night expenditure of \$113. The result: economic impact for ONE night for American Holidays guests: \$4,518. Since Ireland's recent conversion to the Euro, there has been much news about Ireland's dramatic increase in economic power, a fine compliment to the legendary Irish will to travel. Missouri is building strong relationships and trust among Irish travel decision makers, similar to the division's strategy in England. Because the U.S. dollar's standing against the Euro remains weak, the cost of doing business in Ireland is easily 1.5 times more costly than the cost of doing business in the U.S. However, the converse is also true: the cost for the Irish to visit Missouri is a bargain! The division agrees with the auditor's office that we will show the value of the Ireland Sales Mission.*

- C. *Concerning the mileage reimbursement to a Film Commission employee, although the Missouri Division of Tourism has been required to provide funding for the Missouri Film Commission, the Division of Tourism has no oversight. The oversight of the Missouri Film Commission comes from the Division of Business Development and Trade. The Division does receive copies of the invoices and backup after payment is made, and could have flagged the 40-cent per mile payment.*

*Concerning the different exchange rates for expense accounts covering the same period, the division has already implemented a policy, approved by the State Auditor's Office.*

- D. *The division agrees. The list of attendees for catered events will be readily accessible from the division. The division fed 188 persons rather than the list of 139, because the 188 included serving staff (Missouri tourism industry representatives). The division*

*agrees that from now on, contractors will provide a complete list of attendees to tourism promotional functions. The division agrees that the list of prizewinners will be readily accessible from the division.*

- E. The division agrees, and has corrected the problem. One of the primary offenders has left the division. The other division personnel will adhere to this policy.*
- F. The division agrees, and will properly initial invoices upon receipt of the goods or services.*
- G. The Missouri Division of Tourism agrees that welcome center uniforms can be put in a "uniform" category, even though they are effective as logo clothing promotional items.*

<b>2. Cooperative Marketing Program</b>
---

The division did not require organizations to provide baseline data, and the division does not use performance measures reported by the organizations to determine what projects to fund. The division's Cooperative Marketing Program provides a 50 percent match to qualified not-for-profit Missouri organizations to be used for marketing efforts, usually in the form of advertisement. The division awarded approximately \$3.0, \$2.9, and \$2.7 million to the various organizations for years ending June 30, 2004, 2003, and 2002, respectively. Starting with the year ending June 30, 2003, the division required each organization to develop a plan that would measure the results of its marketing efforts from the funds provided by the division. The marketing efforts are normally measured by the number of inquires that was generated due to the specific marketing effort. Our review of the Cooperative Marketing Program noted the following concerns:

- A. Baseline data was not required by the division from the various organizations who were awarded funds through the Cooperative Marketing Program. Each organization in the program provided the division with the number of inquires they had received each quarter. However, without a baseline or starting point the division is unable to determine if the number of inquires reported increased due to the state funds used through the Cooperative Marketing Program.

According to results-based planning guidance, baseline data should be presented to establish a starting point, or a baseline, and subsequent trend data should be presented to track progress and assess results over time. The existence of a baseline is needed for a more accurate performance measurement. As the performance measurement is currently reported, it is impossible to evaluate the results or outcomes of the state funds spent to ensure the program was cost justified and the intended results were achieved.

- B. The division does not use the performance measures reported by the organizations to determine what future projects to fund. The number of inquiries reported by the various organizations is used by the division to determine a cost

per inquiry based on the state and local funds spent on the marketing project. For the period July 2003 through September 2003, the cost per inquiry ranged from \$.68 to \$1,690. The division indicated that the performance measure the organizations used prior to the year ending June 30, 2004, is not comparable between the organizations due to differences in organization demographics and creativity. The performance measurement received from the organization for year ending June 30, 2004, should be more comparable. The division indicated that information provided by the organization would be more useful as a tool for future projects.

By not using a performance measurement it allows for state funds to be used to fund marketing projects that may not be cost effective leading to inefficient use of state funds.

**WE RECOMMEND** the division:

- A. Ensure baseline data is established and reported for all organizations receiving state funds through the Cooperative Marketing Program.
- B. Establish procedures to ensure performance measurements are evaluated and used to determine the funding of future projects.

**AUDITEE'S RESPONSE**

- A. *Missouri Division of Tourism Cooperative Marketing Program is a tremendous way to double a local destination's marketing power. Inherent in the program is the fact that the local marketing plans are produced by the individual destinations, and reflect specific local situations. Each destination proposes a specific marketing plan based on its unique set of variables. In other words, one size does not fit all. Therefore, baseline information would vary with each proposal. Last June 2004, the Director of the Missouri Division of Tourism gave a formal speech to the industry at the annual Missouri Convention and Visitor Bureau conference, in which he outlined the requirement for new measurable outcomes - to be designed and supplied by all cooperative marketing partners - to serve as the baseline on which to show progress. As evidenced by this proactive requirement, the division agrees with the auditor.*
- B. *While the Missouri Division of Tourism monitors cost per inquiry as one tool in gauging the effectiveness of a marketing program, there are many other measurement variables. Often, cost per inquiry may not be the prime indicator of success. The project reflecting a \$1,690 state plus local cost per inquiry was a convention marketing project that was cancelled in mid year prior to completion. Many of our programs use television and radio advertising, which are not strong inquiry generators, yet are great promotional tools. The division agrees, and in fact, already had notified cooperative marketing participants back in June 2004, that they must show a measurable outcome. The division disagrees with the auditor's finding that the performance measurement received from the organization for the year ending June 30, 2004, should be more comparable, because*

*cost per inquiry is not the sole measurement tool, and indeed may not be preferable to other measurable tools, such as frequency of exposures over a particular demographic/psychographic target.*

**3.**

### **Capital Assets**

The division did not record approximately \$45,700 for the cost of the new storage space addition at the Joplin Welcome Center on the capital asset records in a timely manner. The construction of the storage space addition was completed in May 2003 and had not been added to the capital asset records until we brought this to the division's attention in April 2004.

The failure to properly record and reconcile property items reduces the control and accountability over capital assets. In addition, the division's capital assets are reported to the Office of Administration for inclusion in the state's Comprehensive Annual Financial Report. Therefore, these amounts must be as accurate as possible.

**WE RECOMMEND** the division ensure additions are recorded on the capital asset records in a timely manner.

### **AUDITEE'S RESPONSE**

*The storage area in Joplin has been added to inventory. The original information that was sent out by the Office of Administration to the Missouri Department of Tourism was sent in error to another division in the Department of Economic Development. That staff did not forward the information to us. In the past, this type of addition to inventory was posted to our records directly by the Office of Administration. The Missouri Division of Tourism agrees with the auditor that additions to capital assets are to be recorded in a timely manner.*

## FOLLOW-UP ON PRIOR AUDIT FINDINGS

DEPARTMENT OF ECONOMIC DEVELOPMENT  
DIVISION OF TOURISM  
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Department of Economic Development, Division of Tourism, on findings in the Management Advisory Report (MAR) of our prior audit report issued for the three years ended June 30, 1999. The prior recommendation which has not been implemented, but is considered significant, is repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the division should consider implementing those recommendations.

1. Papal Visit

- A. The division had entered into a contract with the St. Louis Convention and Visitors Commission (CVC) to reimburse the CVC up to \$526,969 to finance part of the cost of the Papal Visit in 1999 without having funds appropriated for this obligation. The expenditures associated with the Papal visit were not included in the budget approved by the Tourism Commission for fiscal year 1999.
- B. The contract with the St. Louis CVC was entered into approximately 2 weeks after the date of the Papal visit. In addition, the contract was not approved by the Tourism Commission until after the agreement was signed.
- C. The contract with the St. Louis CVC did not require competitive bidding for purchases in excess of a predetermined amount.

Recommendation:

The division:

- A. Discontinue incurring expenditures not authorized by the commission and the legislature. In addition, the division should monitor expenditures from appropriations and evaluate the overall financial condition before entering into contracts for unplanned expenditures. If additional funds are needed, requests should be filed and approved prior to entering into contractual agreements.
- B. Ensure the Tourism Commission approves major commitments before division personnel enter into such agreements.
- C. Require contract purchases to adhere to state bidding policies and procedures.

Status:

A&B. Implemented.

- C. Implemented. Starting in April 2004, all contract purchases must adhere to a purchasing policy established by the division. The division's policy established competitive bidding guidelines to be used by the contractors.

## 2. Expenditures and Contracts

- A. The contract between the division and the advertising agency did not require the advertising agency to obtain competitive bids for purchases in excess of a predetermined amount. However, the advertising agency had established a procurement policy for purchases relating to its contract with the division.

Our review of the advertising agency's records revealed that bids were not always solicited nor was bid documentation always retained for various purchases made during the audit period, as required by the advertising agency's policy.

- B. The division did not require its advertising agency to pay its subcontractors prior to requesting reimbursement and commission fees from the division.
- C.1. The international marketing company did not always maintain adequate documentation to support expenditures.
  - 2. The division made duplicate payments on two invoices to the international marketing company.
  - 3. The international marketing company was reimbursed for alcoholic beverage related expenditures. Reimbursing expenditures related to alcoholic beverages is an inappropriate use of division funds.

### Recommendation:

The division:

- A. Require the advertising agency to adhere to its bidding requirements, to maintain documentation of bids received, and to evaluate bids in accordance with the contract guidelines. In addition, the division should add to future contracts the requirement that the advertising agency obtain competitive bids for all purchases in excess of a predetermined amount.
- B. Require the advertising agency to pay its subcontractors prior to requesting reimbursement from the division.
- C.1  
&2. Ensure adequate supporting documentation is maintained to support all disbursements and that duplicate payments are not made by making disbursements from original invoices only. In addition, the division should seek reimbursement of the \$478.

- C.3. Ensure procedures for reviewing invoices for compliance with the contract provisions are followed and the expenditures are necessary to conduct state business.

Status:

- A. Implemented.
- B. Not implemented. The division determined that to require the advertising agency to pay subcontractors prior to requesting reimbursement from the division would substantially increase the advertising agency's monthly fee. The division does require the advertising agency to present a monthly aged payable report which is reviewed to ensure subcontractors are paid in a timely manner.
- C. Not implemented. See MAR finding number 1.

3. Sponsorships

- A. The division entered into a sponsorship contract for \$50,000 with the Mississippi River Cycling and Hiking Corridor, Inc. (MRCHC) to promote the Mississippi River Trail (MRT) and the American Derby 2000 bicycle race. The division paid \$25,000 to MRCHC prior to knowing the date of the event, the number of races, and the number of potential participants. In addition, the division did not perform any procedures to monitor compliance with the terms of the contract or the progress of the event.
- B. The division had not established written criteria for selecting events to be sponsored by the division. In addition, the division did not maintain records to determine the amount spent on sponsorships each year, the number of events sponsored, the regions benefiting from the sponsorships, and the economic impact of the sponsorships.

Recommendation:

The division:

- A. Require arrangements for sponsorship events to be substantially complete before making any payments. In addition, contract monitoring procedures should be developed to ensure important provisions have been met.
- B. Establish written criteria for selecting events to be sponsored by the division and maintain records to analyze the economic impact of sponsorships on the state as a whole and on specific regions.

Status:

Not implemented. However, officials indicated that the division no longer enters into sponsorship contracts. Although not repeated in the current report, if the agency sponsors events in the future our recommendation remains as stated above.

4. General Fixed Assets

- A. Fixed asset additions were not recorded in the fixed asset records in a timely manner and were not reconciled to equipment expenditures to ensure all items were properly recorded on the fixed asset records.
- B. A physical inventory of the fixed assets was not performed on an annual basis.
- C. General fixed asset items were not always numbered, tagged, or otherwise identified as division property.

Recommendation:

The division:

- A. Ensure general fixed asset purchases are added to the fixed asset records in a timely manner by periodically reconciling fixed asset additions to records of equipment purchases.
- B. Conduct an annual physical inventory and reconcile the physical inventory to the fixed asset records. Documentation of the physical inventories should be retained to show compliance with state regulations. The division should also ensure the individual who performs the physical inventory is independent of the custody and record keeping duties.
- C. Ensure all fixed assets are properly numbered, tagged, or otherwise identified as division property.

Status:

Implemented.

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

DEPARTMENT OF ECONOMIC DEVELOPMENT  
DIVISION OF TOURISM  
HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

The Missouri Tourism Commission was created in 1967. The Division of Tourism is the administrative arm of the commission. The division is a part of the Department of Economic Development. In addition, the division is the funding source of the Missouri Film Office with the administrative oversight being the responsibility of the Division of Business Development and Trade.

The commission determines policy for all matters relating to tourism promotion. The commission consists of ten members appointed for four-year terms without compensation. One member is the lieutenant governor. Two members are senators, appointed by the president pro tem of the Senate. Two members are from the House of Representatives and are appointed by the speaker of the House of Representatives. Five other persons are appointed by the governor.

Members of the Tourism Commission as of June 30, 2004 were:

<u>Member</u>	<u>Term Expires</u>
Louis P. Hamilton, Chair	January 2004 ***
Lieutenant Governor Joe Maxwell, Vice-Chair	No Term *
Senator Chuck Gross	No Term **
Senator James L. Mathewson	No Term **
Representative B.J. Marsh	No Term **
Representative Ryan McKenna	No Term **
E. Gail McCann Beatty	January 2003 ***
Peter Brown	January 2003 ***
Raeanne Presley	January 2006
Consuelo Washington	January 2005

\* Lieutenant Governor is automatically a member of the commission.

\*\* Appointed by the Speaker of the House or the President Pro Tem of the Senate at the beginning of each new session.

\*\*\* Continues to serve until a replacement is appointed.

The purpose of the division is to promote the state's travel industry by encouraging visits by out-of-state vacationers and by encouraging Missourians to vacation in their home state. The division is administered by a director who is appointed by the Tourism Commission. Mr. John Robinson has served as director since July 2002. At June 30, 2004, the division had forty-two full time employees, thirty-seven of whom were under the State Merit System.

The Film Commission is an advisory board for the Missouri Film Office. The commission consists of nine members appointed for three-year terms without compensation. Two members

are senators, appointed by the president pro tem of the Senate. Two members are from the House of Representatives and are appointed by the speaker of the House of Representatives. Five other persons are appointed by the Director of the Department of Economic Development.

Members of the Film Commission as of June 30, 2004 were:

<u>Member</u>	<u>Term Expires</u>
Alan Liebert	August 2005
Jim Palumbo	August 2005
Jan Parkinson	August 2005
Steve Schankman	August 2004
Cindy Sheltmire	August 2006
Representative Gary Kelly	No Term ****
Representative Jodi Stefanick	No Term ****
Senator Norma Champion	No Term ****
Vacant Senate Position	

\*\*\*\* Appointed by the Speaker of the House or the President Pro Tem of the Senate at the beginning of each new session.

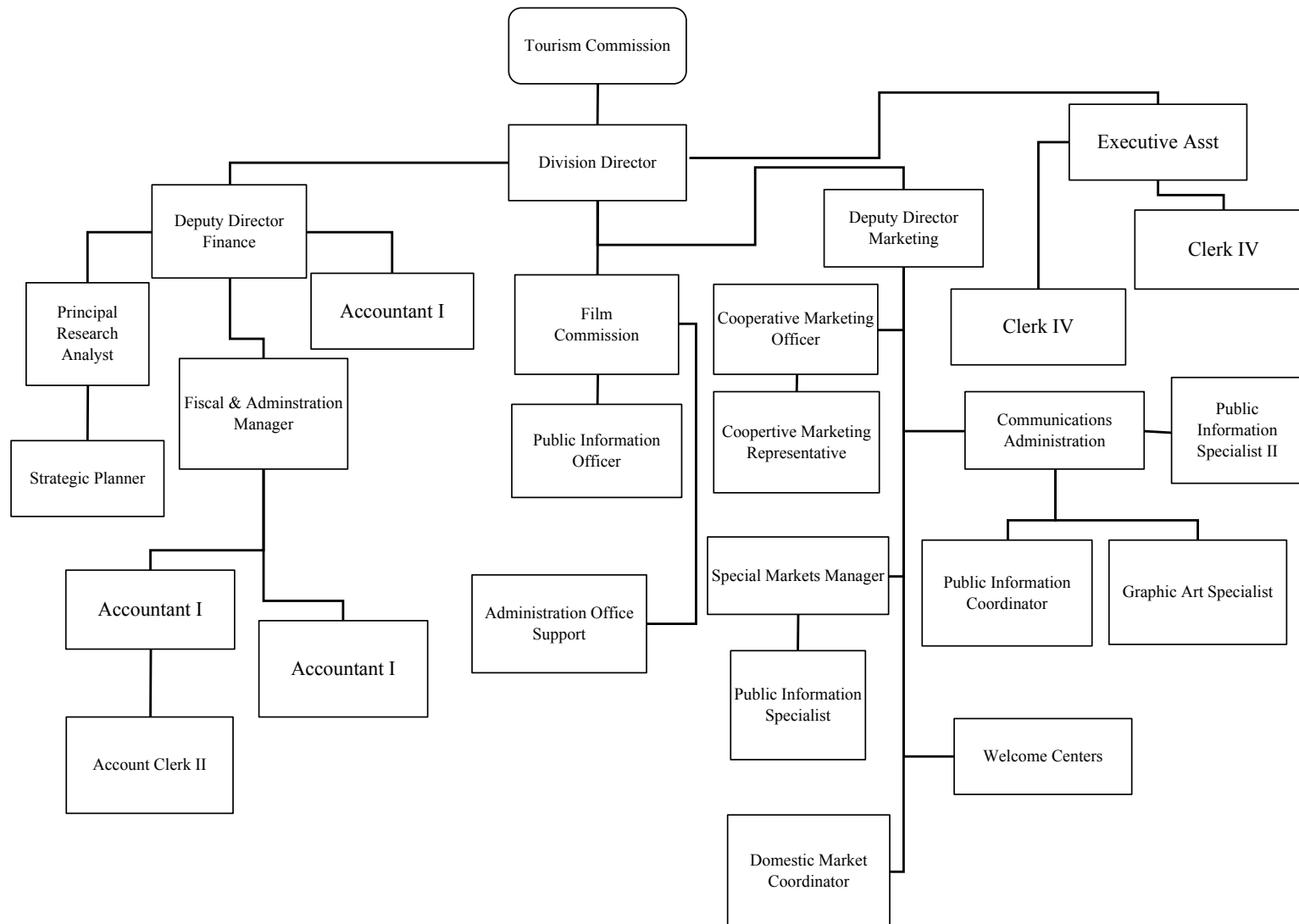
The purpose of the Film Office is to attract film and video production to the State of Missouri. The office is administered by a director who is hired by the Division Director of the Division of Business Development and Trade. Mr. Jerry Jones has served as director since January 2000. At June 30, 2004, the office had three full time employees.

The number of people visiting each information center during the three years ended June 30, 2004 was as follows:

<u>Location</u>	<u>Year Ended June 30,</u>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Hannibal	63,657	65,727	68,986
Joplin	125,292	133,560	133,500
Kansas City	89,590	103,511	104,008
New Madrid	121,161	135,339	126,398
Rock Port	93,502	108,350	118,368
St. Louis	64,793	62,890	59,091
Total	<u>557,995</u>	<u>609,377</u>	<u>610,351</u>

An organization chart follows.

DEPARTMENT OF ECONOMIC DEVELOPMENT  
DIVISION OF TOURISM  
ORGANIZATION CHART  
JUNE 30, 2004



Appendix A-1

DEPARTMENT OF ECONOMIC DEVELOPMENT  
DIVISION OF TOURISM  
STATEMENT OF APPROPRIATIONS AND EXPENDITURES  
YEAR ENDED JUNE 30, 2004

	Appropriation Authority	Expenditures	Lapsed Balances	
GENERAL REVENUE FUND-STATE				
Lewis and Clark Commission - expense and equipment	\$ 5,000	0	5,000	*
Total General Revenue Fund-State	5,000	0	5,000	
FACILITIES MAINTENANCE RESERVE FUND				
Design and Construction Statewide Roof	24,200	23,488	712	*
Total Facilities Maintenance Reserve Fund	24,200	23,488	712	
DIVISION OF TOURISM SUPPLEMENTAL REVENUE FUND				
Personal service	1,541,126	1,389,622	151,504	
Leasing	19,866	8,182	11,684	*
Expense and equipment	13,918,905	9,838,826	4,080,079	
Expense and equipment	3,613,455	2,544,150	1,069,305	*
Unemployment benefits	2,750	2,750	0	
Total Division Of Tourism Supplemental Revenue Fund	19,096,102	13,783,530	5,312,572	
TOURISM MARKETING FUND				
Expense and equipment	15,000	24	14,976	
Total Tourism Marketing Fund	15,000	24	14,976	
Total All Funds	\$ 19,140,302	13,807,042	5,333,260	

\* Biennial appropriations set up in the current fiscal year were re-appropriations to the next fiscal year. After the fiscal year-end processing has been completed, the unexpended appropriation balance for a biennial appropriation is established as the appropriation amount in the next fiscal year. Therefore, there was no lapsed balance for a biennial appropriation at the end of the first year.

Appendix A-2

DEPARTMENT OF ECONOMIC DEVELOPMENT  
DIVISION OF TOURISM  
STATEMENT OF APPROPRIATIONS AND EXPENDITURES  
YEAR ENDED JUNE 30, 2003

	Appropriation Authority	Expenditures	Lapsed Balances	*
GENERAL REVENUE FUND-STATE				
Additional storage space - Joplin				
Information Center	\$ 20,114	3,056	17,058	
Design and Construction - Truman				
Memorial Building	475,882	475,882	0	
Lewis and Clark Commission - expense and equipment	230,000	230,000	0	
Total General Revenue Fund-State	<u>725,995</u>	<u>708,937</u>	<u>17,058</u>	
FACILITIES MAINTENANCE RESERVE FUND				
Design and Construction - statewide roof	12,230	9,155	3,075	
Total Facilities Maintenance Reserve Fund	<u>12,230</u>	<u>9,155</u>	<u>3,075</u>	
DIVISION OF TOURISM SUPPLEMENTAL REVENUE FUND				
Personal service	1,512,896	1,395,199	117,697	
Leasing	10,587	9,279	1,308	
Expense and equipment	10,426,375	10,426,375	0	
Expense and equipment	1,324,971	0	1,324,971	
Expense and equipment	6,732,615	4,114,661	2,617,954	
Total Division Of Tourism Supplemental Revenue Fund	<u>20,007,444</u>	<u>15,945,514</u>	<u>4,061,930</u>	
TOURISM MARKETING FUND				
Expense and equipment	15,000	4,467	10,533	
Total Tourism Marketing Fund	<u>15,000</u>	<u>4,467</u>	<u>10,533</u>	
Total All Funds	<u>\$ 20,760,669</u>	<u>16,668,073</u>	<u>4,092,596</u>	

\* Office officials indicated the lapsed balances included the following withholding made at the Governor's request:

Additional Storage Space - Joplin	
Information Center	\$ 17,058

Appendix A-3

DEPARTMENT OF ECONOMIC DEVELOPMENT  
DIVISION OF TOURISM  
STATEMENT OF APPROPRIATIONS AND EXPENDITURES  
YEAR ENDED JUNE 30, 2002

	Appropriation Authority	Expenditures	Lapsed Balances
<b>GENERAL REVENUE FUND-STATE</b>			
Additional Storage Space - Joplin Information Center	\$ 62,710	42,596	20,114 *
Design and Construction - Truman Memorial Building	1,520,226	1,044,344	475,882 *
Lewis and Clark Commission - expense and equipment	235,000	0	235,000 *
Total General Revenue Fund-State	1,817,936	1,086,940	730,996
<b>FACILITIES MAINTENANCE RESERVE FUND</b>			
Design and Construction Statewide Roof	24	0	24
Total Facilities Maintenance Reserve Fund	24	0	24
<b>DIVISION OF TOURISM SUPPLEMENT REVENUE FUND</b>			
Personal service	1,416,455	1,232,958	183,497
Leasing	19,866	9,279	10,587
Expense and equipment	10,200,015	10,200,015	0
Expense and equipment	5,516,438	4,191,467	1,324,971 *
Total Division Of Tourism Supplemental Revenue Fund	17,152,774	15,633,719	1,519,055
<b>TOURISM MARKETING FUND</b>			
Expense and equipment	15,000	4,294	10,706
Total Tourism Marketing Fund	15,000	4,294	10,706
Total All Funds	\$ 18,985,734	16,724,953	2,260,781

\* Biennial appropriations set up in fiscal year 2002 were re-appropriations to fiscal year 2003. After the fiscal year-end processing has been completed, the unexpended fiscal year appropriation balance for a biennial appropriation is established as the appropriation amount in the next fiscal year. Therefore, there was no lapsed balance for a biennial appropriation at the end of a fiscal year 2002.

## Appendix B

### DEPARTMENT OF ECONOMIC DEVELOPMENT DIVISION OF TOURISM COMPARATIVE STATEMENT OF EXPENDITURES (BY BUDGET OBJECT)

	Year Ended June 30,		
	2004	2003	2002
Salaries and wages	\$ 1,389,622	1,395,198	1,232,958
Travel:			
In-State	41,738	47,567	42,174
Out-of-State	35,426	30,046	48,878
Fuel and utilities	22,451	24,250	17,301
Supplies	214,396	325,827	780,568
Professional development	51,802	35,061	52,360
Communication services and supplies	46,507	44,740	42,026
Services:			
Professional	9,169,652	11,309,849	10,806,511
Housekeeping and janitorial	18,964	20,875	12,679
Maintenance and repair	8,144	7,450	5,485
Equipment:			
Computer	31,365	21,423	4,541
Office	654	1,385	10,148
Other	2,964	1,922	7,982
Property and improvements	26,010	487,162	1,107,096
Real property rentals and leases	17,569	18,659	24,125
Equipment rental and leases	2,696	4,428	304
Miscellaneous expenses	14,297	17,311	33,899
Program distributions	2,712,785	2,874,920	2,485,169
Rebillable expenses	0	0	10,749
Total Expenditures	\$ <u>13,807,042</u>	<u>16,668,073</u>	<u>16,724,953</u>

Appendix C

DEPARTMENT OF ECONOMIC DEVELOPMENT  
DIVISION OF TOURISM  
DIVISION OF TOURISM SUPPLEMENTAL REVENUE FUND  
COMPARATIVE SCHEDULE OF DISBURSEMENTS, TRANSFERS  
AND CHANGES IN CASH AND CASH EQUIVALENTS

	Year Ended June 30,		
	2004	2003	2002
Transfers in from Tourism Sales Taxes	\$ 14,617,993	15,069,610	16,090,964
Less:			
Disbursements	(13,783,555)	(15,945,489)	(15,633,941)
Transfers out	(833,909)	(694,632)	(527,125)
TRANSFERS IN OVER/(UNDER)			
DISBURSEMENTS AND TRANSFERS OUT	529	(1,570,511)	(70,102)
CASH AND CASH EQUIVALENTS, JULY 1	2,544,150	4,114,661	4,184,763
CASH AND CASH EQUIVALENTS, JUNE 30	\$ 2,544,679	2,544,150	4,114,661